



YASKAWA Electric Corporation (TSE 6506)

- **FY2012 Financial Results (Ended March 20, 2013)**
- **FY2013 Financial Forecasts (Ending March 20, 2014)**

**Presented by Junji Tsuda,
Representative Director, Chairman of the Board
and President**

The information within this document is made as of the date of writing. Any forward-looking statements are made according to the assumptions of management and are subject to change as a result of risks and uncertainties. YASKAWA Electric Corporation undertakes no obligation to update or revise these forward-looking statements, whether as a result of new information, future events, or otherwise.

Contents

1. FY2012 Financial Results

- FY2012 Financial Highlights
- FY2012 Financial Highlights by Business Segment
- Breakdown of Changes in Operating Income
- Sales Breakdown by Business Segment
- Sales Breakdown by Destination
- Measures for FY2012

2. FY2013 Financial Forecasts

- FY2013 Financial Highlights
- FY2013 Financial Highlights by Segment Segment
- Breakdown of Changes in Operating Income
- Measures for FY2013

3. Reference

- Capital Expenditures, R&D Expenses, Forex Rates
- Balance Sheet Structural Trends
- FY2003-2015 Trends in Sales/ Operating Income
- Quarterly Sales Trends by Business Segment and Destination
- Business Expansion in China and Other Asian Countries
- Major Production Bases

Business Overview

Motion Control (M)

Core products

AC servo motors and controllers, Linear servo motors, General purpose AC drives, Power conditioners, Motor drive systems for EV, etc.



AC servo drives



General purpose AC drive



Power conditioner for photovoltaic power generation



Motor drive system for EV

Robotics (R)

Core products

Arc and spot welding robots, Painting robots, Handling robots, FPD glass sheet transfer robots, New generation robots, Semiconductor wafer transfer robots, etc.



High path accuracy robot for laser cutting and welding



Assembly operation by a dual-arm robot



Delta robot

System Engineering (S)

Core products

Electrical systems for steel plants, Electrical instrumentation systems for water supply plants and sewage treatment facilities, Large-scale wind power generator and converter etc.



Electric instrumentation systems for water and sewerage



Continuous-casting machine



Large-scale wind power generator and converter

Information Technologies (IT)

Core products

Computer peripherals, Laser-applied systems, Development of software, IT-related services, etc



Scanner head for high-power laser



NetSHAKER ProxyBox

1. FY2012 Financial Results

FY2012 Financial Highlights

- Achieved goals for net sales, operating income and ordinary income
- Profits saw year-on-year decrease due to weaker demands in (M)

	<u>FY12</u>	FY12 previous forecasts	FY11	<u>Changes from FY11</u>	
				<u>Amount</u>	<u>%</u>
Net Sales	<u>¥ 310.3 bn.</u>	¥ 300.0 bn.	¥ 307.1 bn.	<u>+¥ 3.2 bn.</u>	<u>+1.1%</u>
Operating Income	<u>¥ 13.0 bn.</u>	¥ 13.0 bn.	¥ 14.8 bn.	<u>-¥ 1.7 bn.</u>	<u>-11.8%</u>
Ordinary Income	<u>¥ 14.0 bn.</u>	¥ 13.0 bn.	¥ 15.6 bn.	<u>-¥ 1.5 bn.</u>	<u>-10.1%</u>
Net Income	<u>¥ 6.8 bn.</u>	¥ 7.0 bn.	¥ 8.4 bn.	<u>-¥ 1.6 bn.</u>	<u>-19.3%</u>

Notes: (M) = Motion Control

FY12 previous forecasts are the figures announced on October 17, 2012

FY2012 Financial Highlights by Business Segment

- Demands for PV power conditioners sharply increased, while the demands for AC servo motors were sluggish
- Solid in (R) mainly due to robust demands in automotive industry

(Billions of yen, %)

	FY12		FY11		Changes from FY11	
		Income ratio		Income ratio	Amounts	%
Net Sales	310.3	-	307.1	-	+3.2	+1.1%
(M) Motion Control	144.3	-	149.4	-	-5.0	-3.4%
(R) Robotics	110.2	-	101.0	-	+9.1	+9.1%
(S) System Engineering	37.2	-	35.5	-	+1.7	+4.9%
(IT) Information Technologies	12.7	-	12.8	-	-0.0	-0.3%
Other	5.7	-	8.2	-	-2.5	-30.3%
Operating Income	13.0	4.2%	14.8	4.8%	-1.7	-11.8%
(M) Motion Control	3.2	2.3%	5.8	3.9%	-2.5	-44.2%
(R) Robotics	8.3	7.6%	7.0	6.9%	+1.3	+19.3%
(S) System Engineering	1.5	4.0%	1.9	5.4%	-0.4	-21.5%
(IT) Information Technologies	-0.2	-1.9%	-0.1	-1.1%	-0.1	-
Other	0.3	6.0%	0.5	6.3%	-0.1	-34.4%
Corporate or Elimination	-0.1	-	-0.3	-	+0.1	-
Ordinary Income	14.0	4.5%	15.6	5.1%	-1.5	-10.1%
Net Income	6.8	2.2%	8.4	2.7%	-1.6	-19.8%

FY2012 Financial Highlights by Business Segment

(M)

- AC servo business was stagnant due to slowdown in the main markets of electronics-related industry and in China
- In AC drive business, demands for PV power conditioners sharply picked up from 2H
Solid demands in energy-related industry in the Americas

(R)

- Firm demands for general industries continued in Japan and overseas, especially for automotives
- Weak demands for FPD and semiconductor industries

(S)

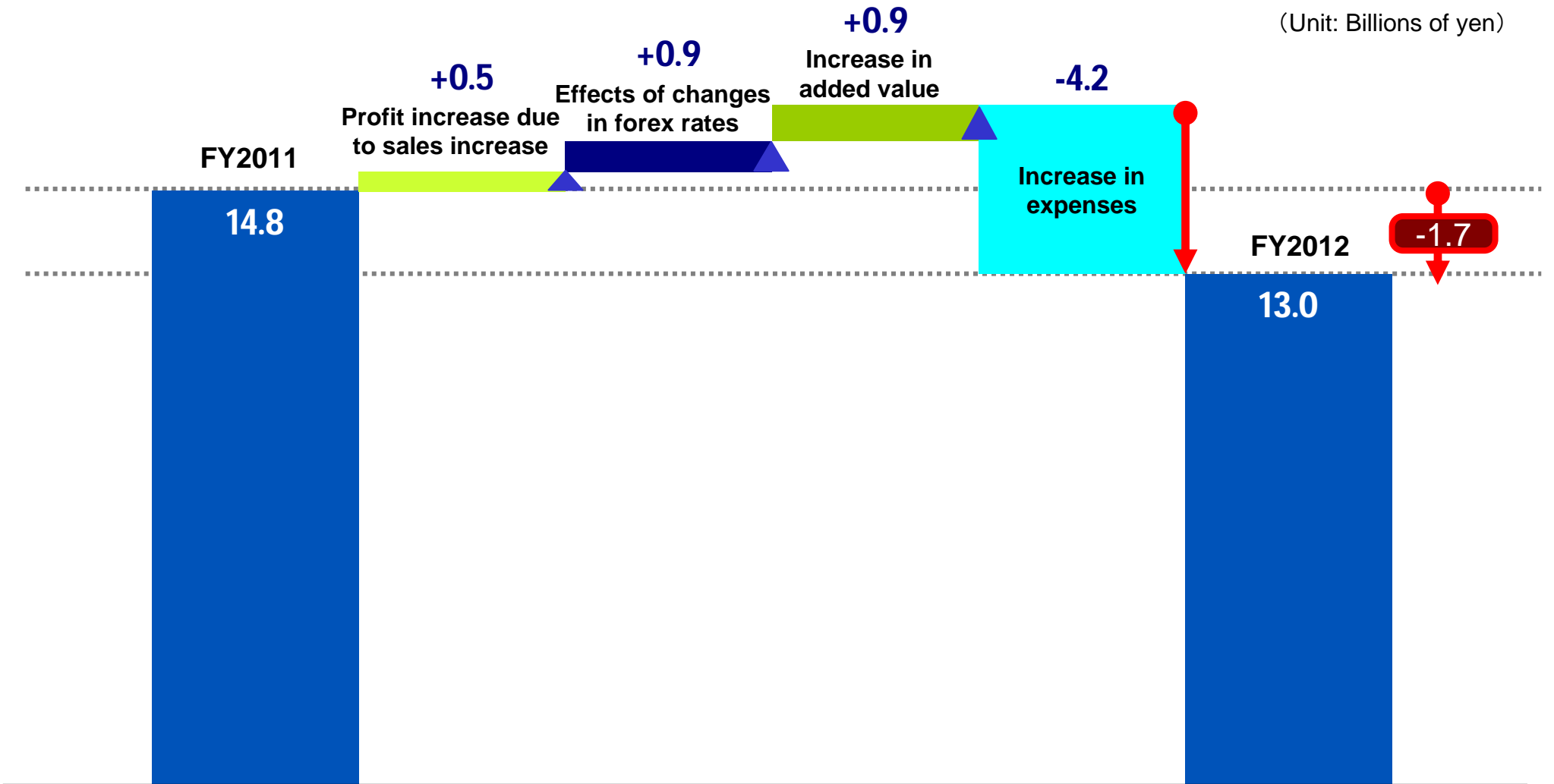
- Although sales remained unchanged from FY11, profits decreased due to the downturn in water-treatment businesses

(IT)

- IT investments remained sluggish. Although sales were flat, profits slightly decreased.

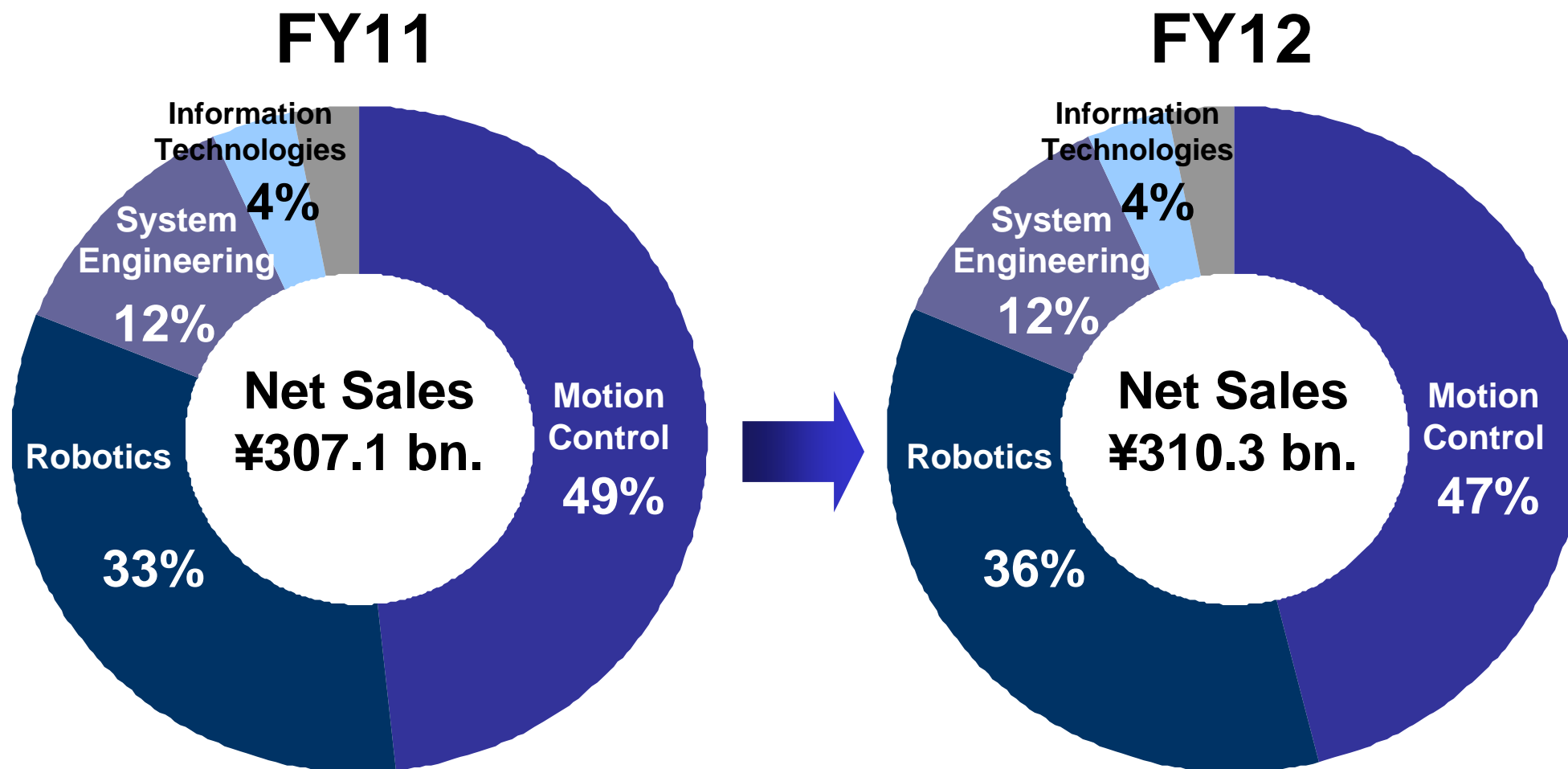
Note: (M)= Motion Control (R)= Robotics (S)= System Engineering (IT)= Information Technologies

Breakdown of Changes in Operating Income (FY11⇒FY12)



Sales Breakdown by Business Segment (FY11⇒FY12)

- (R) significantly increased its share



Note: (R)= Robotics

Sales Breakdown by Destination (FY11⇒FY12)

- The Americas steadily recovered
- Weak demands in Europe, China and Asia

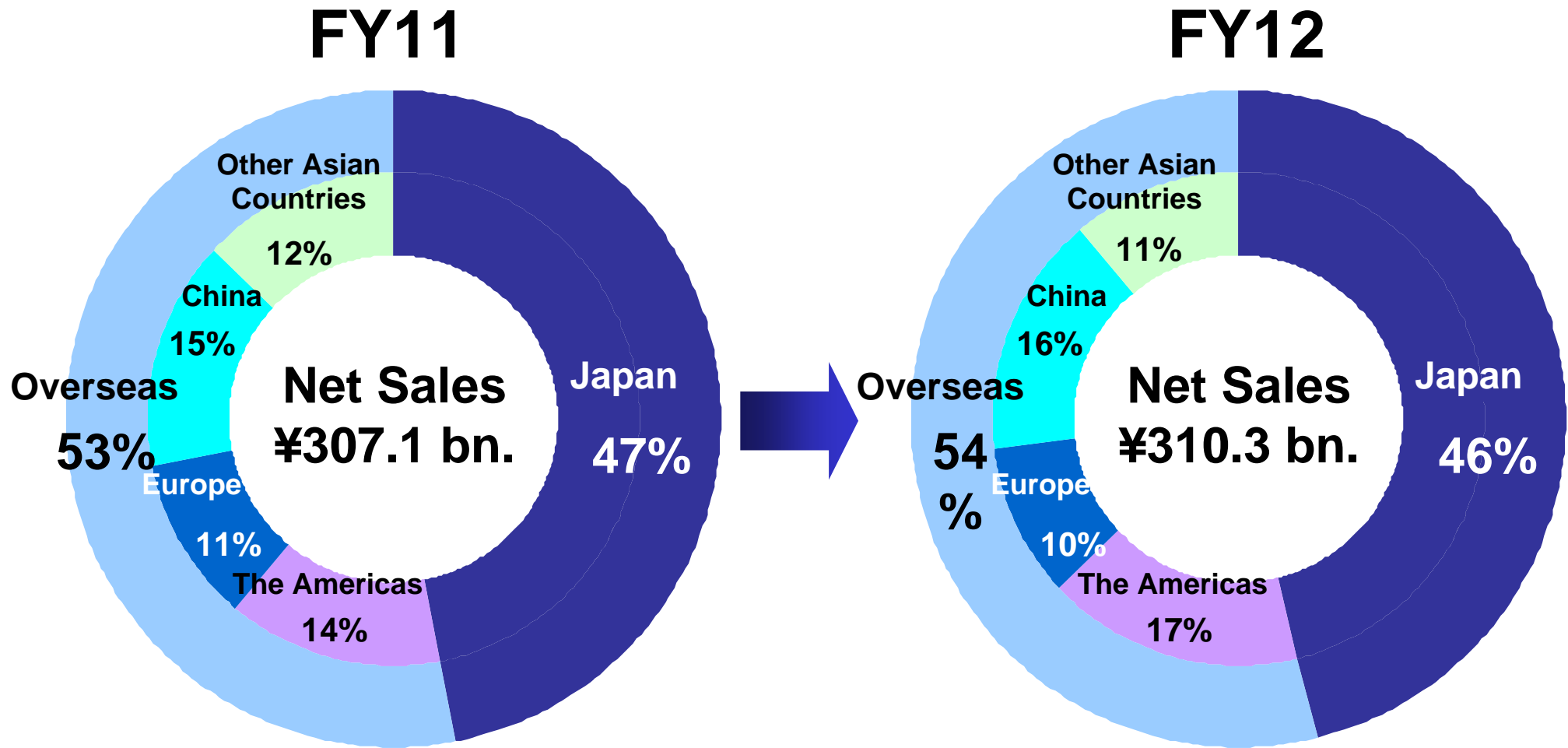
(Billions of yen, %)

	FY2012	FY2011	Chages	
			Amounts	%
Net Sales	310.3	307.1	+3.2	+1.1%
Japan	143.4	143.0	+0.4	+0.3%
Overseas	166.9	164.0	+2.8	+1.7%
The Americas	51.1	43.9	+7.1	+16.2%
Europe	32.0	33.9	-1.8	-5.6%
China	48.5	47.3	+1.2	+2.6%
Other Asian Countries	32.7	37.9	-5.1	-13.7%

Note: The figures for "Other areas" including Australia, etc are omitted in the above table.

Sales Breakdown by Destination (FY11⇒FY12)

- The Share of the sales for the Americas increased to 17%



Measures for FY2012 (1): Secure volume

1) Prioritize investments in the growing and focus markets

- Proactively enter the energy industry in the Americas
 - Acquired a Canadian Sler “Wermac Electric” in Sep. 2012
- Reinforce activity in South Africa
 - Acquired a robot Sler “Robotic Systems SA” in South Africa
- Strengthen the local capabilities to respond to the demands in China
 - Established the development center for AC servo in Shenyang, China
- Strengthen sales capabilities through Yaskawa Tsusho
- Expand the shares of (M) in Germany
 - Acquired a German PLC manufacturer “Vipa GmbH” in Dec. 2012
- Newly establish robot centers
 - Establish bases in Europe, China (Guangzhou), and Brazil
 - (Established bases in Japan, U.S., and China (Shanghai) in FY2011)



YASKAWA Southern Africa



Motoman Robótica do Brasil

2) Develop New products

- Released new motors using less rare-earth metals in 1H/FY2012
- Released large-capacity Σ -V series in Apr. 2012
- Released high-power-factor regenerative converter D1000 in Jun. 2012
- Released 3D shape measurement unit “MotoEye-3D” in Oct. 2012
- Released “ Σ -V-EX series” in Oct. 2012
- Released 6 axis power sensor unit “MotoFit” in Jan. 2013

Note: (M)= Motion Control



Σ -V-EX Series



MotoEye-3D



MotoFit

Measures for FY2012 (2): Improve the profitability of core businesses

1) Increase local production and procurement

- Launch of the second plant in Shenyang (Sep., 2012)
- Doubled Chinese production of AC drives



Shenyang Second Plant

2) Streamline manufacturing operations

- Consolidated (M) production bases in Japan
- Reorganize and strengthen industrial motor business to expand the environmental energy businesses
 - ⇒ Consolidated industrial motor production subsidiaries in March 2013

3) Streamline business operations

- Progress the group-wide activities to make the business operations more efficient by 30%

Note: (M)= Motion Control

2. FY2013 Financial Forecasts

FY2013 Financial Highlights

- (M) recovers. PV power conditioners steadily expand
- Solid in (R) mainly for automotive industry. FPD is recovering
- FY13 forecasts see sales and profits significantly increasing

	FY2012	FY2013 Forecasts	Changes from FY12	
			Amounts	%
Net Sales	¥310.3 bn.	¥ <u>350.0</u> bn.	+¥ <u>39.6</u> bn.	+ <u>12.8%</u>
Operating Income	¥13.0 bn.	¥ <u>24.0</u> bn.	+¥ <u>10.9</u> bn.	+ <u>83.6%</u>
Ordinary Income	¥14.0 bn.	¥ <u>24.0</u> bn.	+¥ <u>9.9</u> bn.	+ <u>70.8%</u>
Net Income	¥6.8 bn.	¥ <u>13.0</u> bn.	+¥ <u>6.2</u> bn.	+ <u>91.2%</u>

Note: (M)= Motion Control (R)= Robotics

FY2013 Financial Highlights by Business Segment

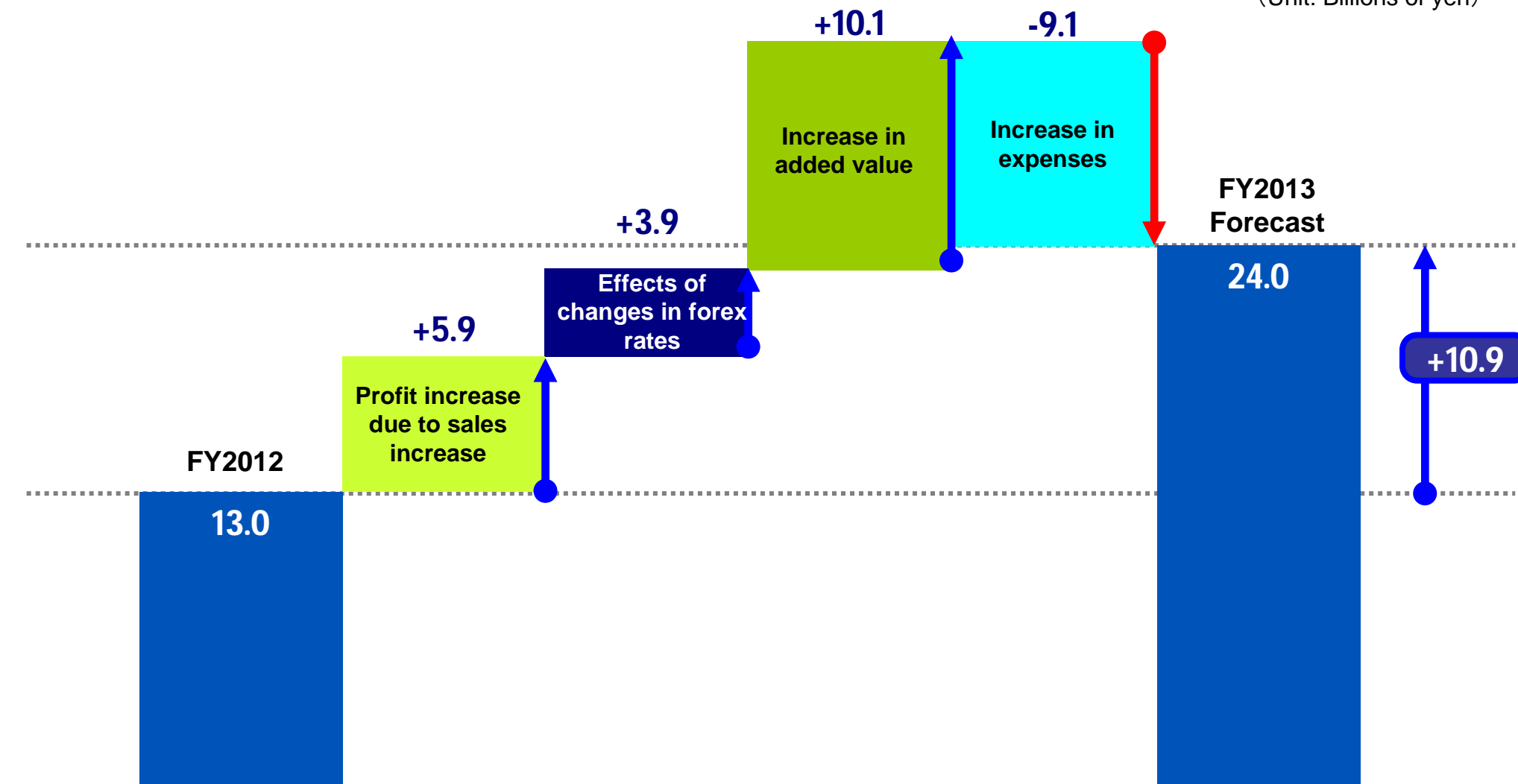
(Billions of yen, %)

		FY2013		FY2012		Changes from FY2012	
		Forecast	Income ratio	Results	Income ratio	Amounts	%
Net Sales		350.0	-	310.3	-	+39.6	+12.8%
(M)	Motion Control	171.3	-	144.3	-	+27.0	+18.7%
(R)	Robotics	120.0	-	110.2	-	+9.7	+8.9%
(S)	System Engineering	33.6	-	37.2	-	-3.6	-9.7%
	Information Technologies	14.0	-	12.7	-	+1.2	+9.5%
	Other	11.0	-	5.7	-	+5.2	+90.4%
Operating Income		24.0	6.9%	13.0	4.2%	+10.9	+83.6%
(M)	Motion Control	13.4	7.9%	3.2	2.3%	+10.2	+315.4%
(R)	Robotics	9.6	8.0%	8.3	7.6%	+1.2	+14.8%
(S)	System Engineering	1.2	3.6%	1.5	4.0%	-0.0	-19.7%
	Information Technologies	0.3	2.6%	-0.2	-1.9%	+0.6	-
	Other	0.4	4.1%	0.3	6.0%	+0.1	+31.3%
	Coporate or Elimination	-1.1	-	-0.1	-	-0.9	-
Ordinary Income		24.0	6.9%	14.0	4.5%	+9.9	+70.8%
Net Income		13.0	3.7%	6.8	2.2%	+6.2	+91.2%

Note: In FY2013, a part of (M) segment is planned to be displaced to (S). Above forecasts are based on the segmentation in FY12.

Breakdown of Changes in Operating Income (FY12⇒FY13 Forecast)

(Unit: Billions of yen)



Measures for FY2013 (1): Secure volume

■ Expand sales in favorable and growing markets

(1) Enhance presence in Asia, especially China

- Reinforce sales and service networks
 - ⇒ Increase distributors, enhance sales-support capabilities
- Enhance solution capabilities
 - ⇒ Launch products to meet the local needs
- Expand sales by taking advantage of Yaskawa Tsusho



(2) Create a synergy effect with Vipa

- Strengthen sales with PLC products of Vipa
- Expand sales of (M) by utilizing Vipa's sales channels
 - ⇒ Increase our share in Germany



Vipa

(3) Expand the new business

- Secure booking for PV power conditioners



Industrial Power Conditioner
(10kW)



Power Conditioner
for residential use

Measures for FY2013 (2): Improve quality

■ Strengthen development and production capabilities

(1) Reinforce capabilities to respond to the local needs

- Enhance local development in Japan, U.S., Europe, and China

(2) Strengthen global production system

- Promote automation in domestic factories
(Improve efficiency by 30%)
- Develop the local production and procurement
⇒ New robot factory in Changzhou, China will start commercial production in June 2013

■ Enhance management quality through K30 project

- Accelerate corporate-wide activities for streamlining by 30%

3. Reference

Capital Expenditure, R&D Investment, Forex Rates

◆ Capital expenditure (Consolidated)

(Unit: Billions of yen)

	FY2011	FY2012	FY2013 Plan
Capital Expenditure	9.91	15.89	22.00
Depreciation and Amortization	7.61	8.11	9.50

◆ R&D investment (Consolidated)

(Unit: Billions of yen)

	FY2011	FY2012 Plan	FY2013 Plan
R&D investment	10.39	10.73	11.00

◆ Forex rates (Consolidated)

(Unit: Yen)

	FY2011		FY2012		FY2013 Projections
	1H	Full-year	1H	Full-year	Full-year
U.S. dollar	80.56	79.02	80.10	81.92	90.00
Euro	115.07	109.49	101.96	105.66	120.00

(Note) Average rate during the period

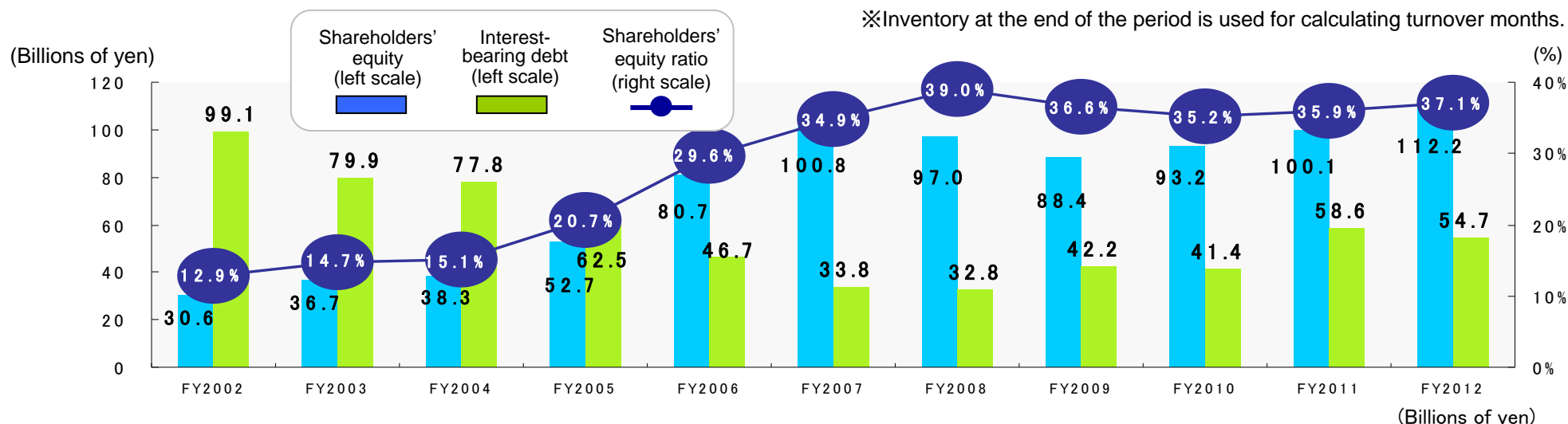
Balance Sheet Structural Trends (Consolidated)

As of March 20, 2012

- Shareholders' equity ratio 35.9%
- Shareholders' equity 100.1 billion yen
- Interest-bearing debt 58.6 billion yen
- D/E ratio 0.59
(Net D/E ratio) 0.38
- Inventory 63.8 billion yen
Turnover 2.5 months

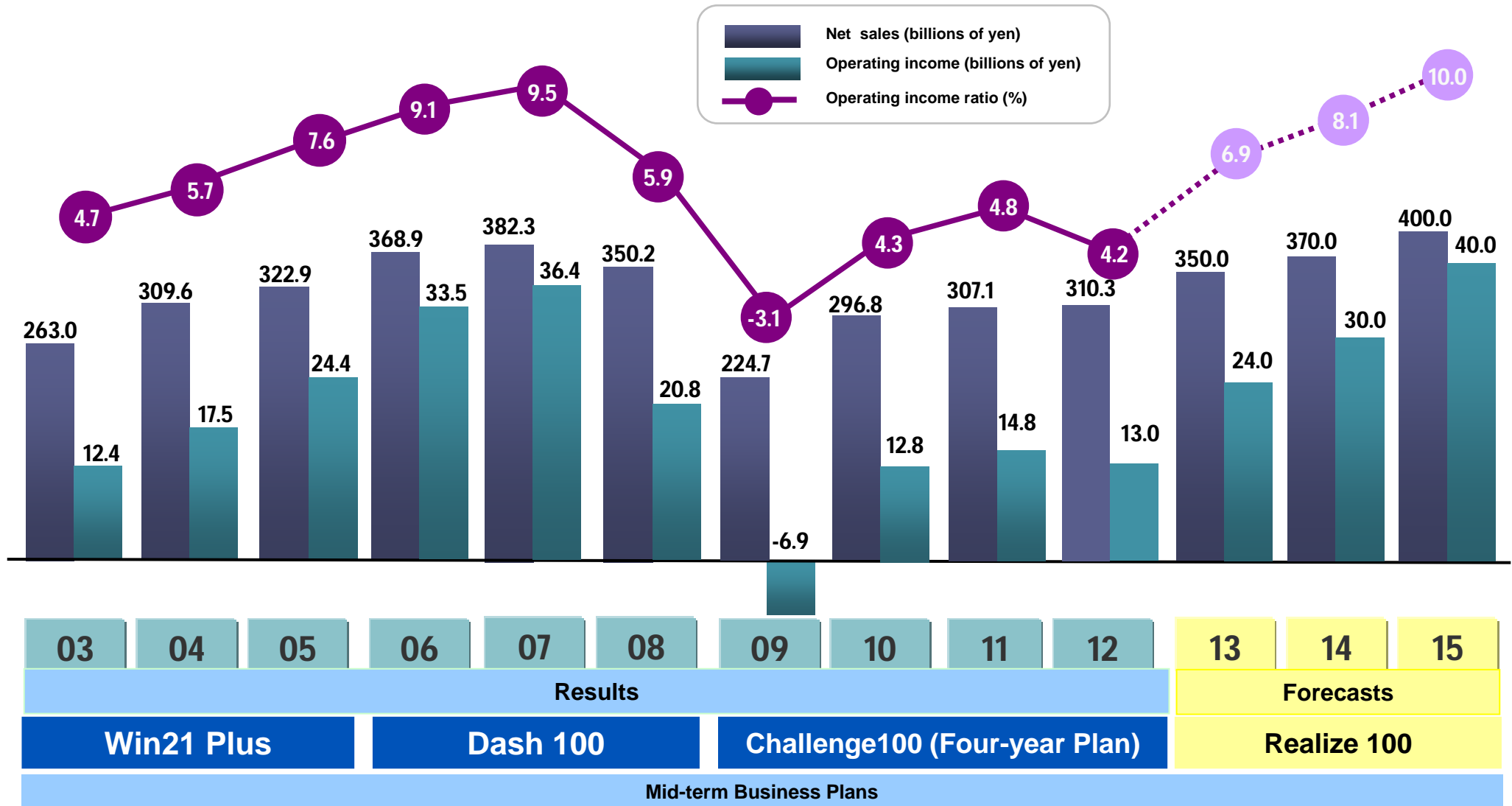
As of March 20, 2013

- Shareholders' equity ratio 37.1%
- Shareholders' equity 112.2 billion yen
- Interest-bearing debt 54.7 billion yen
- D/E ratio 0.49
(Net D/E ratio) 0.31
- Inventory 64.3 billion yen
Turnover 2.5 months



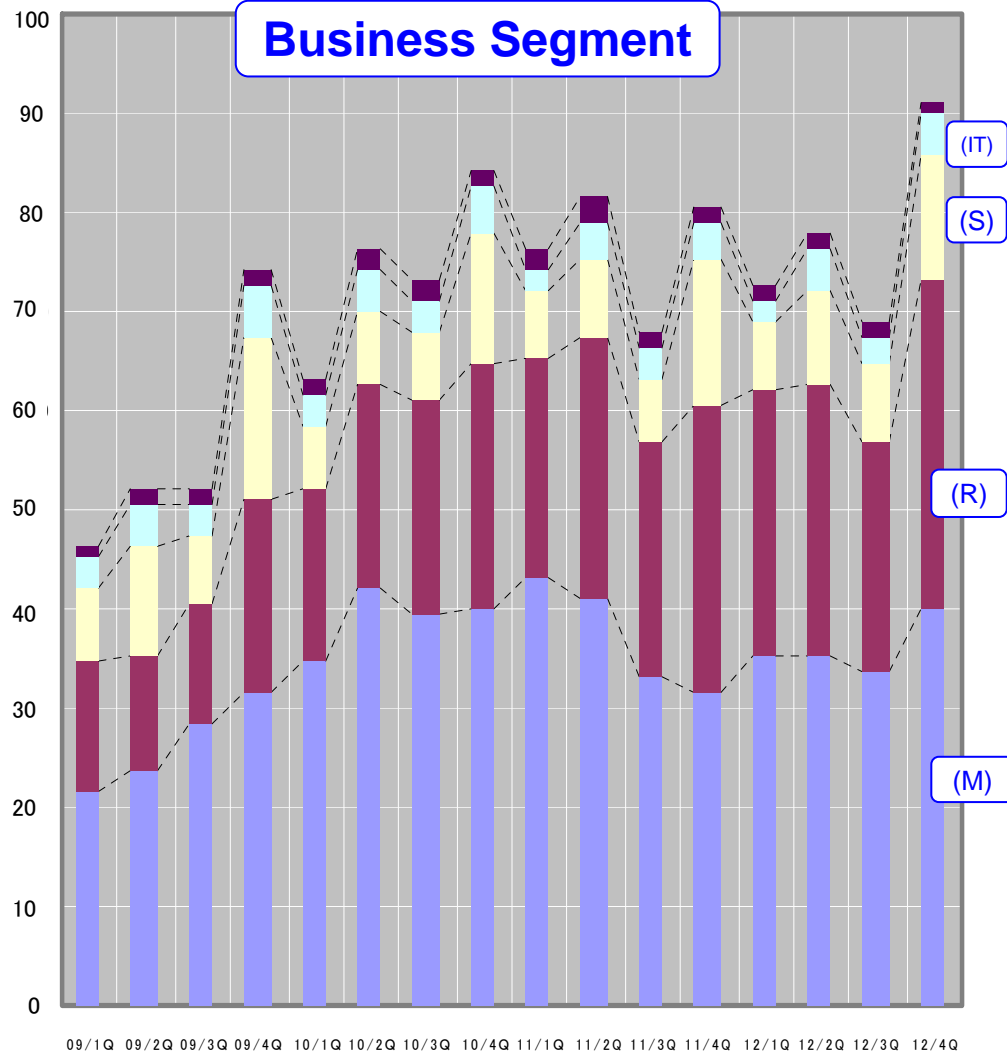
Operating CF	8.4	18.5	5.7	18.7	14.9	17.6	12.4	4.0	2.4	6.3	24.6
Investment CF	-1.9	1.1	-2.2	9.7	-6.1	-9.9	-10.6	-6.4	-6.7	-11.8	-18.0
Free CF	6.4	19.6	3.5	8.9	8.8	7.7	1.7	-2.4	-4.2	-5.4	6.5

FY2003-2015 Trends in Sales/Operating Income

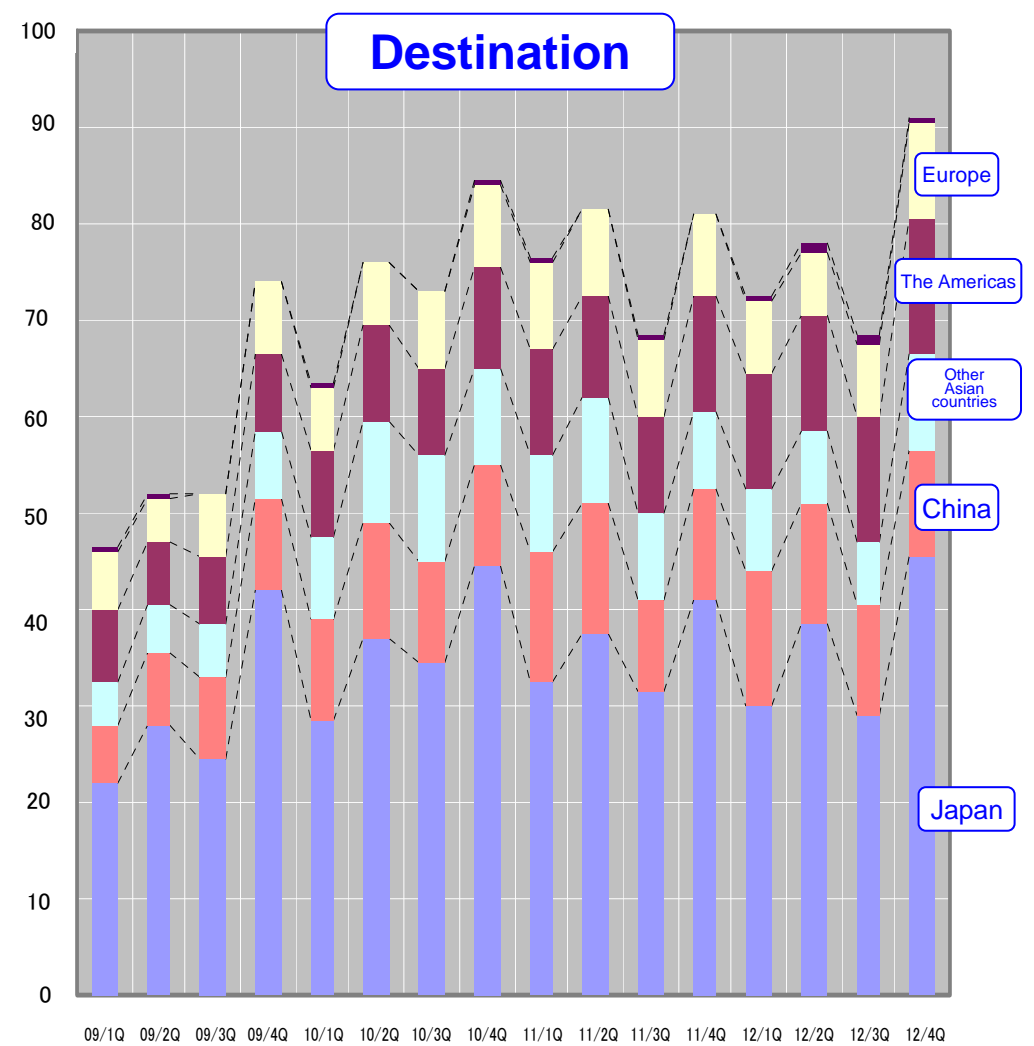


Quarterly Sales Trends by Business Segment and Destination

(Billions of yen)



(Billions of yen)

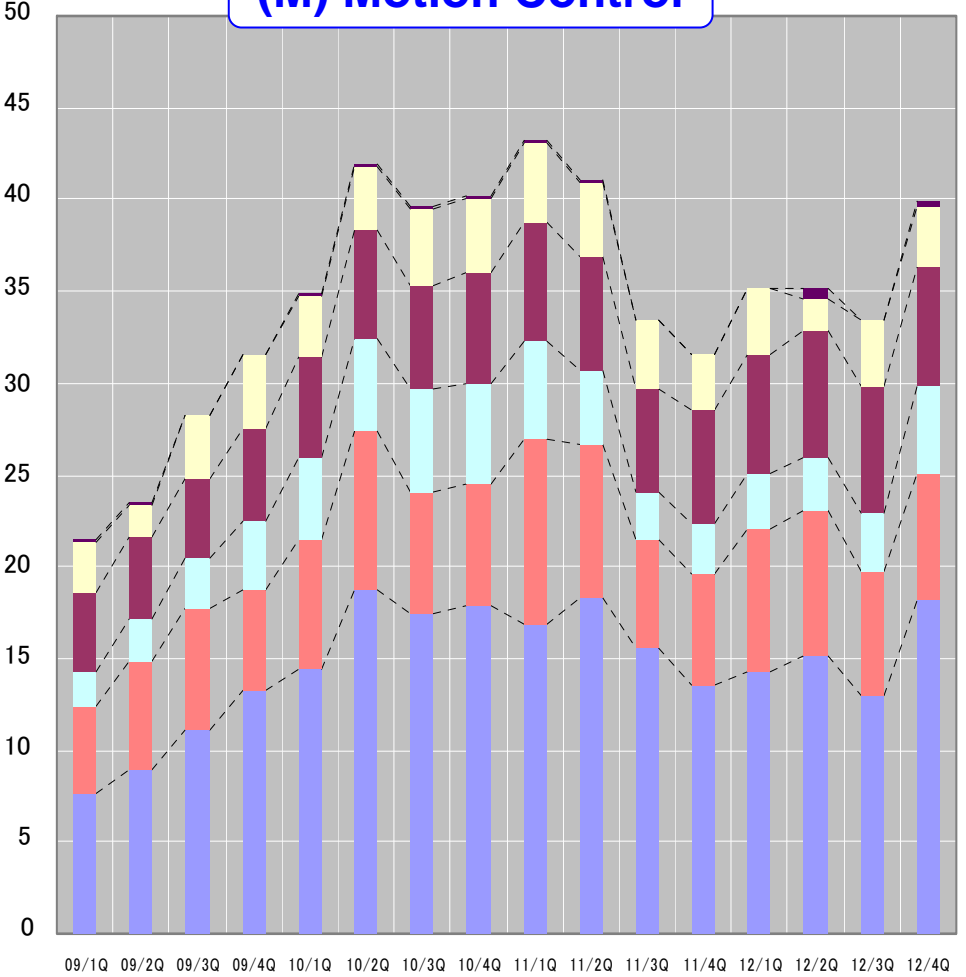


Note: (M)= Motion Control (R)= Robotics (S)= System Engineering (IT)= Information Technologies

Quarterly Sales Trends by Business Segment and Destination

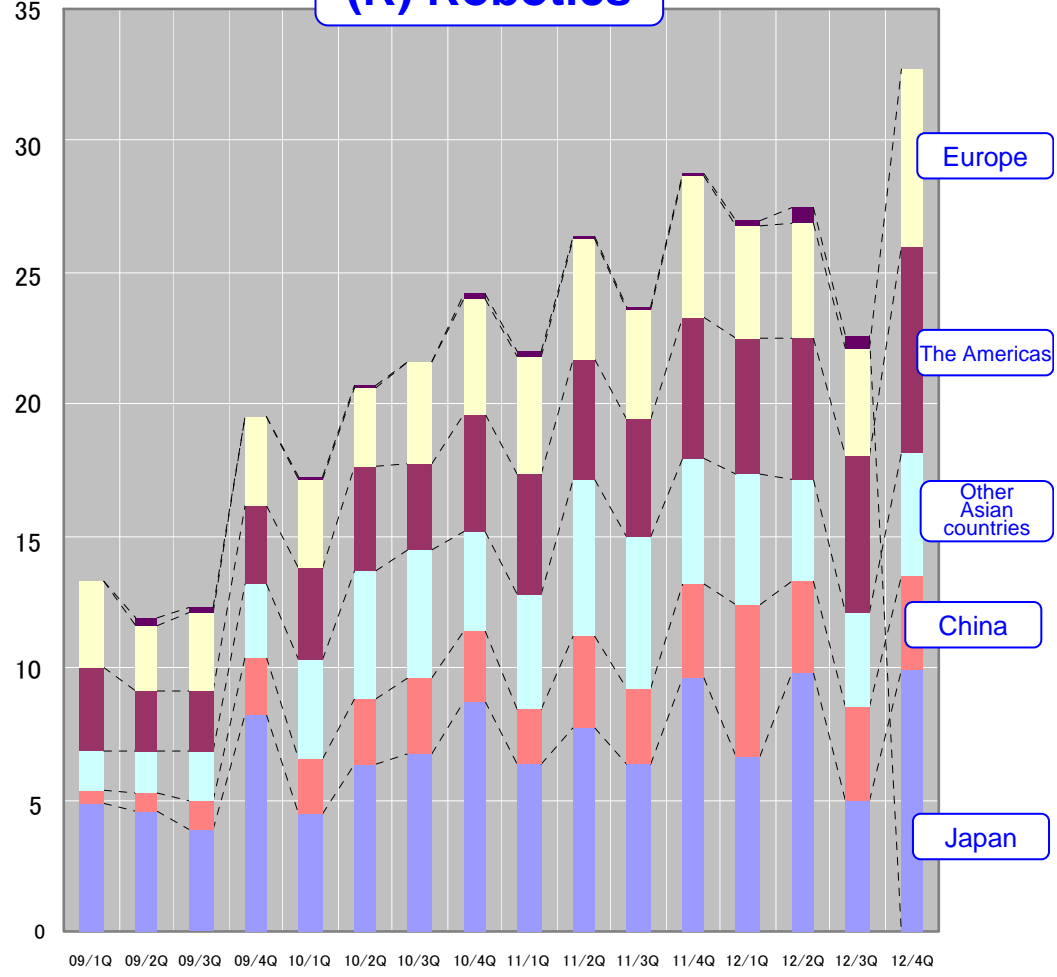
(Billions of yen)

(M) Motion Control



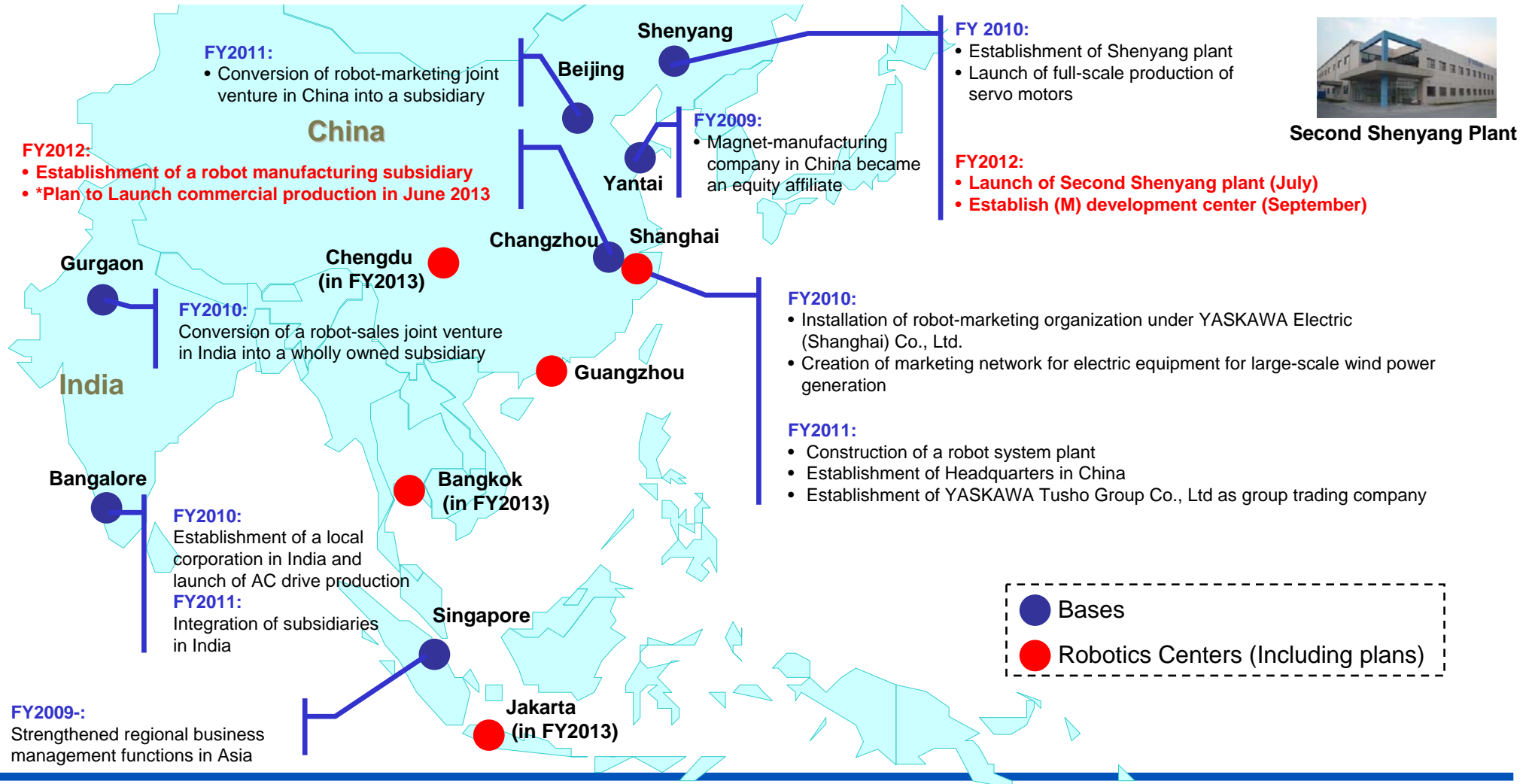
(Billions of yen)

(R) Robotics



Business Expansion in China and Other Asian Countries

- Expand local production and procurement mainly in China
- Expand sales in Asian countries including China by establishing new robotics centers



Second Shenyang Plant

Major Production Bases (YASKAWA network supporting global business)



Disclaimer

The information within this document is made as of the date of writing. Any forward-looking statements are made according to the assumptions of management and are subject to change as a result of risks and uncertainties.

YASKAWA Electric Corporation undertakes no obligation to update or revise these forward-looking statements, whether as a result of new information, future events, or otherwise.